

Mr. DIY (MRDIY MK)

4Q25: Within Expectations Amid Higher Payout

Highlights

- Within expectations as SSSG made a turnaround.
- Favourable forex and overall competitiveness supported the multi-year high gross margin, but this was tempered by the revised minimum wage and increased utility costs.
- Maintain BUY with a higher target price of RM2.20 (from RM2.05). Payout guidance has been raised, offering a yield of 3.9-4.4% for 2026-28.

4Q25 Results

Year to 31 Dec (RMm)	4Q25	qoq % chg	yoy % chg	2025	yoy % chg	Comments
Revenue	1284.1	7.1	9.1	4954.0	6.5	4Q25 sales lifted by enlarged store count (+8.9%) and positive SSSG (+1.4%).
GP	606.9	7.1	10.5	2354.2	10.4	
EBITDA	332.2	12.6	10.3	1281.9	10.0	
PBT	218.9	19.1	11.9	848.8	11.2	
Core Profit	163.8	20.4	11.3	632.7	10.5	Within expectations.
Store count	1556	1.8	8.4			
Revenue per store	825	5.2	0.6			
Margins (%)	qoq ppt chg	yoy ppt chg	(%)	yoy ppt chg		
Gross Profit	47.3	0.0	0.6	47.5	1.7	Favourable forex support margins.
EBIT	25.9	1.3	0.3	25.9	0.8	
Eff. tax rate	-25.2	0.8	-0.4	-25.5	0.0	
Core Profit	12.8	1.4	0.3	12.8	0.5	

Source: Mr. DIY, UOB Kay Hian

Analysis

- **Within expectations.** Mr D.I.Y. Group (Mr. DIY) posted a 4Q25 core net profit of RM163.8m (20.4% qoq, 11.3% yoy), which brought 2025 core profit to RM632.7m (+10.5% yoy). It is within expectations at 101% and 100% of our and consensus full-year earnings forecasts respectively. A DPS of 3.3 sen was declared, bringing 2025 DPS to 7.5 (2024: 5.0 sen). It represents a payout of 120% vs our 2025 payout assumption of 85%. We have since revised our payout to 100%, to reflect Mr. DIY's robust cash generation and healthy balance sheet.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	4,651.4	4,954.0	5,354.4	5,755.5	6,108.5
EBITDA	1,165.0	1,281.9	1,490.7	1,612.0	1,694.7
Operating profit	835.5	921.8	1,013.4	1,107.1	1,167.9
Net profit (rep./act.)	572.6	632.7	685.2	745.3	779.8
Net profit (adj.)	572.6	632.7	685.2	745.3	779.8
EPS	6.1	6.7	7.3	7.9	8.3
PE	30.8	27.9	25.7	23.7	22.6
P/B	9.1	8.7	8.7	8.7	8.7
EV/EBITDA	15.0	13.7	11.8	10.9	10.3
Dividend yield	2.7	4.3	3.9	4.2	4.4
Net margin	12.3	12.8	12.8	12.9	12.8
Net debt/(cash) to equity	-7.1	-6.0	-4.4	-5.1	-5.6
Interest cover	9.7	11.1	9.4	9.0	8.3
ROE	30.1	31.5	32.5	36.0	37.6
Consensus net profit	n.a	n.a	699.1	758	816.9
UOBKH/Consensus (x)	n.a	n.a	0.98	0.98	0.95

Source: Mr. DIY, Bloomberg, UOB Kay Hian

BUY (Maintained)

Share Price	RM1.87
Target Price	RM2.20
Upside	17.6%
Previous TP	RM2.05

Analyst(s)

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Stock Data

GICS Sector	Consumer Discretionary
Bloomberg ticker	MRDIY MK
Shares issued (m)	9,477.5
Market cap (RMm)	17,817.2
Market cap (US\$m)	4,585.9
3-mth avg daily t'over (US\$m)	5.5

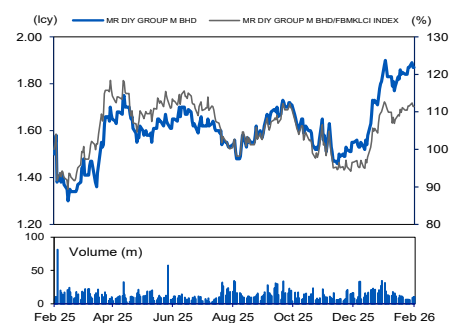
Price Performance (%)

52-week high/low	RM1.92/RM1.28
1mth	3.9
3mth	20.5
6mth	22.9
1yr	27.0
YTD	22.9

Major Shareholders

Tan Yu Yeh	50.4
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Price Chart



Source: Bloomberg

Company Description

Homegrown Mr. DIY is the largest home improvement retailer in Malaysia, with more than 40% of the home improvement market share and growing. It also operates in Brunei and is involved in toy and dollar concept stores.

- **SSSG picks up again to end the year on a decent footing.** 4Q25 revenue grew by a modest 9.1% yoy (7.1% qoq). The increased store count (+8.9%), or 127 net new stores to 1,556 stores, was further lifted by a turnaround in same-store sales growth (SSSG) to 1.4% (3Q25: -2.8%). 2025's SSSG came in at -2.0%. 155 new stores are expected for 2026, before moderating to 130 stores p.a. across 2027-28 to reach management's 2,000 store target by 2028. It implies unexciting sales growth as we have pencilled in conservative SSSG assumptions over our forecasted period.
- **Gross margins unchanged sequentially.** 4Q25 gross margin was unchanged sequentially at 47.3% (0.6ppt yoy). However, management indicated that gross margin for 2026 should well come in at the high end of its 46-48% target range given the favourable forex rates. Meanwhile, EBITDA margin only rose 0.3ppt yoy following the revised minimum wage and increase in utility cost. These gains were largely tracked by 4Q25 core margin rising 0.3ppt yoy to 12.8%.

Valuation/Recommendation

- **Maintain BUY with a higher target price of RM2.20** (from RM2.05) in tandem with our raised earnings. Mr. DIY offers a three-year profit CAGR of 7.3%, which is relatively attractive for a large-cap retailer. Furthermore, against a backdrop of its valuations trading below its historical mean, we believe Mr. DIY's reward-to-risk payoff is still appealing. Our PE peg is 30x or based on its historical -0.5SD of its mean PE to 2026 earnings. It also offers a decent dividend yield of 3.9-4.4% for 2026-28.

Earnings Revision/Risk

- We raise our 2026-27 earnings by 6.9%/8.8% respectively to factor in new forex assumptions of CNY/RM of 0.57 from CNY/RM of 0.60. Key downside risks are a sharp weakening of the ringgit against the renminbi, and trade restrictions by China.

Share Price Catalyst

- **Forex tailwind.** As Mr. DIY does not hedge its purchases - with approximately 70% of COGS sourced from China - earnings remain highly sensitive to currency movements. Given an average five-month inventory lag, forex benefits are realised with a delay. We estimate that for every 1% strengthening in the ringgit against the renminbi, 2026 earnings could increase by approximately 2.2%.

Key Assumptions

	2026F	2027F	2028F
Revenue (RMm)	5354	5755	6109
Growth yoy (%)	8.1%	7.5%	6.1%
Avg store count for the year	1662	1804	1934
Net store addition	155	130	130
Growth yoy (%)	10.3%	8.6%	7.2%
Revenue per store (in '000)	3223	3190	3158
Growth yoy (%)	-2.0%	-1.0%	-1.0%

Source: UOB Kay Hian

PE Band



Source: Bloomberg, UOB Kay Hian

Environmental, Social, Governance (ESG)

Environmental

- Energy management. Mr. DIY targets to increase renewable energy sources by 30% from base year 2021 for its warehouses.
- Emission. By 2030, Mr. DIY aims to reduce Scope 1 and 2 emissions by 20% and 30% respectively from base year 2021.

Social

- Diversity & inclusion. Among its workforce, 57% are male, while 43% are female. Mr. DIY also employs 26 less-abled and four Orang Asli employees.

Governance

- Board gender diversity. Male to female ratio of 4:2.
- Board balance and composition. Three board members are independent directors, equivalent to 50% of the board members.

Source: Mr. DIY, UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	4954	5354	5755	6109
EBITDA	1282	1491	1612	1695
Deprec. & amort.	360	477	505	527
EBIT	922	1013	1107	1168
Total other non-operating income	41	44	47	50
Associate contributions	4	4	4	4
Net interest income/(expense)	-77	-98	-112	-126
Pre-tax profit	849	919	1000	1046
Tax	-216	-234	-255	-266
Minorities	1	2	3	4
Net profit	633	685	745	780
Net profit (adj.)	633	685	745	780

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	893	943	952	965
Other LT assets	1,462	1,773	1,910	2,061
Cash/ST investment	225	143	129	140
Other current assets	1,341	1,437	1,548	1,643
Total assets	3,921	4,296	4,539	4,808
ST debt	95	45	17	17
Other current liabilities	578	540	590	638
LT debt	9,841	9,841	9,841	9,841
Other LT liabilities	1,222	1,685	1,906	2,128
Shareholders' equity	2,017	2,017	2,017	2,017
Total liabilities & equity	3,921	4,296	4,539	4,808

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	1331	1540	1661	1744
Pre-tax profit	849	919	1000	1046
Tax	-210	-234	-255	-266
Deprec. & amort.	360	477	505	527
Associates	-4	-4	-4	-4
Working capital changes	-143	-133	-95	-80
Other operating cashflows	478	514	510	522
Investing	-137	-168	-150	-150
Capex (growth)	-118	-168	-150	-150
Proceeds from sale of assets	1	2	3	4
Others	-19	0	0	0
Financing	-888	-1086	-1176	-1236
Dividend payments	-568	-685	-745	-780
Issue of shares	1	2	3	4
Proceeds from borrowings	0	-50	-28	0
Loan repayment	-168	0	0	0
Others/interest paid	-152	-353	-406	-460
Net cash inflow (outflow)	-47	-82	-15	11
Beginning cash & cash equivalent	276	225	143	129
Changes due to forex impact	-4	0	0	0
Ending cash & cash equivalent	225	143	129	140

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	25.9	27.8	28.0	27.7
Pre-tax margin	17.1	17.2	17.4	17.1
Net margin	12.8	12.8	12.9	12.8
ROA	16.1	15.9	16.4	16.2
ROE	31.5	32.5	36.0	37.6
Growth				
Turnover	6.5	8.1	7.5	6.1
EBITDA	10.0	16.3	8.1	5.1
Pre-tax profit	10.7	8.3	8.8	4.6
Net profit	10.5	8.3	8.8	4.6
Net profit (adj.)	10.5	8.3	8.8	4.6
EPS	10.5	8.3	8.8	4.6
Leverage				
Debt to total capital	4.9	2.6	1.3	1.3
Debt to equity	5.2	2.7	1.3	1.3
Net debt/(cash) to equity	-6.0	-4.4	-5.1	-5.6
Interest cover	11.1	9.4	9.0	8.3

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